

and prudently prevents the surprise and inconvenience which reductions of value, foolishly considered to be alien from *his* capacity of choice, generally occasion. I am glad to notice that an able writer on Finance, Dr Eobert Giffen, has in one of his volumes suggested a similar course.

A reference to the purchase of ground-rents—as a capital form of investment in many instances, where the properties are freehold—may close this chapter. A is the owner of a plot of land: he lets it to B for a term of ninety-nine years at a rent of £50 a year, on condition that, within a brief specified time, B shall erect houses upon it possessing an aggregate rental value of £350, with certain covenants in favour of A, respecting, for example, the maintenance of the premises in sound repair. The lease would further contain restrictions upon the use of the houses for dwelling purposes exclusively, and would be rescinded—and all the expended capital of B forfeited in A's favour—should 'the covenants fail to be performed. On the expiry of the ninety-nine years the whole of the houses would become the absolute property of A, and B must meantime obtain the remuneration upon his outlay and the restoration of his principal by means of a sinking-fund out of the net rental he receives of £300 a year. A is accordingly the owner of (1) a freehold ground-rent of £50 a year, for which he can distrain upon the property, and (2) the reversion to the £350 a year when the lease has terminated. A's interest can be sold, and the purchaser would then become entitled to the complete (or twofold) rights which A possessed. If such a purchase be effected the value of the reversion to the full £350 a year gradually increases in value as the lease proceeds to its close; and since B and his assignees are bound, at the end of that time, to restore the premises to A (or his assigns) in reasonable repair, the purchaser from A of the ground-rent must be especially vigilant (while exercising a general supervision over the state of the buildings throughout) to see that during the final ten or fifteen years the covenants for repair are fully observed.

In such an investment the suggestions formerly submitted in connection with house property obviously apply; the proper distribution of such purchases in order to prevent the whole